

## Legislative Updates

### House Select Committee on State Employee Pay Plan

March 6, 2008

#### Kansas Council of Classified Senates Notes

On March 6, 2008, Barb Nagel presented the Kansas Council of Classified Senates (KCCS) position statement on House Bill 2916 to the House Select Committee on State Employee Pay Plan, see links below to read the KCCS statement and HB 2916. There were three other representatives invited to give testimony: Representative Pat George, Chair; Gary Adkins, Executive Director of SEAK; and Jane Carter, Kansas Organization of State Employees (KOSE). KCCS feels it was a good meeting which confirmed our position to support HB 2916 as is.

Representative George emphasized the unprecedented, bipartisan effort to revitalize the State of Kansas classified employee workforce with a new pay plan. He believes this Committee and the Kansas Legislature is committed to dramatically improving the classified employee pay plan and has pledged to allocate \$252,000,000 over a 5 year period to bring classifications identified by the Department of Personnel Services (DPS) as significantly under market (75% of classified workforce) back up to market.

Numerous times during his testimony, Representative George indicated the importance of making sure no state employee is financially hurt during the implementation of the new pay plans. For that reason, the Committee recommended including longevity pay in FY 2009 by rolling longevity into base pay instead of allocating on a yearly basis as a bonus payment. If all employees were adjusted to market, employees currently above market would, technically, not be eligible for additional longevity funds. That action would give those employees an unnecessary pay cut. By rolling longevity into base pay, they would protect those funds for the 25% of employees paid at or above market. In his view, moving longevity into base pay is important to protect all employees, including those with salaries above market due to length of service. Employees in the longevity pool as of FY 2009, would receive longevity in their base pay (increasing bi-weekly pay rate) which will help those employees reach market rates at a slightly quicker pace than employees who do not receive longevity. However, all employees will be adjusted to market within 3-5 years or keep their current salaries if they are paid above market, including longevity.

In his words, "HB 2916 is a major undertaking and involves a whole new mind set. I know we are recommending spending money in a tight budget year and it will not be easy to do. However, it is the right thing to do. We are going to put our money where our mouth is." If approved, the pay plans will take 5 years for full implementation. Classified employees would see consistent base pay increases until their classification receives a market adjustment. He acknowledged this is a new process with a significant learning curve and many details have not been worked out yet.

He also stated there is a significant amount of 'distrust' from classified employees who do not believe the State of Kansas will follow through due to the Legislature past 6 years. He is hopeful and committed to turning that skepticism around and making state employees proud to work for the State of Kansas again. Part of gaining the employees' trust has already been demonstrated by the Legislature in addressing the pay plan issue with HB 2916 early in the session and obtaining funding for 5 years to support the new pay plans with the passage of this ground-breaking legislation.

Gary Adkins, Executive Director of SEAK, leant support for HB 2916 and believes the new pay plans have significant potential to help classified employees gain lost ground. However, SEAK is concerned about longevity and losing the ability to reward employees for length of service. SEAK commended the Committee members and members in the audience for their hard work on the new pay plan proposal. SEAK would like to see the new pay plans implemented without repealing the longevity statute.

Barb Nagel, KCCS Representative, recommended passing HB 2916 as is. KCCS is in favor of rolling longevity into base pay so any future base pay increases would increase the longevity funds as well as the employee original base salary. We believe a market based system provides a competitive pay to attract and retain employees along with offering a system that monitors and responds to market pay changes

proactively. KCCS highly recommends the continuation of a permanent Oversight Committee to oversee the implementation process and keep it on track once implementation is complete. We believe at least one member of the Oversight Committee should be a classified employee to provide valuable input as a person who is directly affected by the changes this Committee recommends.

Jane Carter, KOSE Strategic Analyst, spoke with great concern over the longevity issue. KOSE would prefer to keep the current matrix pay plan with funded step movements, COLA' and longevity bonuses. They commended the work of the Committee members and members in the audience. However, they contend the real problem with our current below market pay was when the Legislature froze step movement and did not fund the current pay plan as it was designed. KOSE emphasizes fair pay for equal work and does not support any type of merit increase for above satisfactory or exceptional work performance.

Mr. Adkins, Mrs. Nagel & Ms. Carter fielded numerous questions from Committee members after their presentations. Representative Tom Hawk asked Mrs. Nagel (KCCS) if she and her constituents would approve an amendment to HB 2916 that would grandfather in longevity for employees hired before 7/1/2008 and move it back to a yearly, negotiable bonus. Without having time to take that idea back to her constituents, she reiterated that KCCS is in favor of approving HB 2916 as is with longevity included in base pay.

Representative Lee Tafari asked Ms. Carter (KOSE) some specific questions about longevity bonuses which she could not answer. Representative Tafari opened his questions for the audience to provide input. Numerous people, including Mrs. Nagel, provided him with answers. Representative Tafari wanted to know if there were any caps on longevity and, if so, why KOSE would support a longevity system which stopped recognizing employee's dedication to service after that cap (25 years). He, correctly, assumed there are a significant number of employees who have reached step 16 and have worked more than 25 years. He was concerned those employees receive little, if any, increases to their pay and did not understand why KOSE would want to keep a system that rewarded longevity up to 25 years and then stopped valuing those employees or caring about their financial needs. In his view, the new pay plans would continue to compensate all employees through market adjustments, base pay and merit increases no matter how long the employee works for the State of Kansas. We thought Representative Tafari made an important and insightful point since longevity seems to be the greatest concern for the unions.

Representative Mah felt there was an effort by some presenters to imply employees would not receive salary increases once their classification was adjusted to market. She wanted to make sure everyone in the room understood that is not the case. There will be pay bands for employees to be compensated for increased job knowledge and/or duties with base pay and merit increases for satisfactory and exceptional work performance. In essence, there are no caps for any employee in the new pay plan. Again, KCCS thought Representative Mah made an excellent point.

KOSE was again put on the spot when Representative Grange asked KOSE why a group of employees KOSE said they represent did not know KOSE held an informational meeting in their area. He wanted to know how KOSE informs classified employees about their meetings. Ms. Carter explained those meetings are for members who pay yearly membership dues and are not open to non-members, which explains why a large group of employees have never heard of KOSE and were not provided with the opportunity to provide input during recent KOSE meetings.

All in all, KCCS representatives were very impressed with the issues brought up during this meeting. It is our opinion that the Committee members do understand the strengths and weaknesses with the current matrix pay system and are committed to creating a new system that will continue to reward all employees, regardless of length of service, and provide much needed market adjustments on a rotating schedule.

The Committee addressed the union's concerns regarding favoritism and merit pay, which is an issue in any pay plan, including our current system. We agree there is a lot of uncertainty due to the lack of information on market increases (who, how much and when), where classifications will fall under the new pay plan structure and paying longevity funds to employees in a different manner than they have grown accustomed to.

As of this morning, the House Select Committee on the State Employee Pay Plan passed HB 2916 with two significant amendments. The first amendment eliminates longevity-into-base proposal and replaces it with the traditional longevity bonus at \$50/year for FY2009, but limits eligibility to the longevity bonus to current employees and any employee hired prior to June 15, 2008. Any employee hired or re-hired on or after that date will not be eligible for the longevity bonus.

The second amendment establishes an oversight committee to provide oversight on the development and implementation of the new pay plans. The committee will include: 1) one member appointed by the President of the Senate; 2) two members appointed by the Speaker of the House; 3) one member appointed by the Minority Leader of the Senate; 4) one member appointed by the Minority Leader of the House; and 5) two members appointed by the Governor. The Legislative appointments are not required to be Legislators, but there must be at least one member of the House and one member of the Senate on the Committee.

The passage of this bill by the Committee is a positive step in accomplishing the original Pay Plan Philosophy to move classified employees to market based pay system. HB 2916 will be sent to the House floor next week, then if passed sent to the Senate floor. If passed by the Senate it will go to the Governor for her signature or veto.

Whether you agree with the Committee, KCCS, SEAK, KOSE, or have your own unique opinion, we strongly encourage you to contact your legislators during your personal time, phones, email or stationary. They need to hear from you NOW.